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SUBJECT: USITC STUDY ON BENIN: EFFECTS OF INSTRASTRUCTURE CONDITIONS  
ON EXPORT COMPETITIVENESS

REF: STATE 85109

¶1. Per reftel, Post provides the following:

-- AmEmbassy Cotonou's contact for this subject study (pending the arrival of a Pol/EconOff) is Mr. Marius C. Lotsu, the Economic/Commercial Assistant. His contact details follow: U.S. Embassy; 01B.P. 2012 Cotonou, Benin Rue Caporal Bernard Anani; E-mail: LotsuMC@state.gov Tel: (229) 21-300650; Fax: (229) 21-300670.

For Transportation Issues

-- Mr. Albert Abtoutan, Director General of Land Transport, at the Ministry of Transportation and Public Works. His contact follows: telephone: (229) 21315821/21313998; Office fax: (229) 21315821.

-- Mr. Fidele Cossi Milohin, Director of the National Center for Road Safety at the Ministry of Transportation and Public Works.

Telephone: (229) 21333725; Cell phone: (229) 90039688.

-- Mr. Cyriaque Atti-Mama, Interim Director General of Port of Cotonou; Telephone: (229) 21312637/312890; Fax: (229) 21312891.

-- Mr. Charles Wenceslas Afouda, Director of Merchant Marine; Telephone and Fax: (229) 21315845.

For Energy Issues:

-- Mr. Raphael Dossou, Director General of Benin Power Corporation, SBEE; Telephone: (229) 21312145; Fax (229) 21315028; email: dgsbee@yahoo.fr.

-- Mr. Godefroy Chekete, Special Advisor to the Head of State on Energy. Cell: (229) 21-308731; (229) 95794043; Fax: (229) 21332716; email: godefroychekete@yahoo.fr

For shea butter and related products:

-- Mr. Jean-Baptiste Kouton Coordinator of Small and Medium Size Enterprises at the Minstry of Micro-Finances; Telephone: (229) 21324941; Email: jbkouton@hotmail.com

-- Ms. Fatouma Sekossounon Gbaoure, CEO of Antemana, a shea butter processing company; Cell phones: (229) 97595074/95969284/90924786; email: antemanas@yahoo.fr

-- Mr. Yves O. Afouda; Agro-economist and Coordinator of CASPA, a Danish founded organization in charge of support to the agricultural sector; Telephone: 21327601; email: afoudaoyves@yahoo.fr.

-- Mr. Gilles Roger Adamon, CEO of Natura, a sheabutter processing company, exporting to the U.S. market; Telephone and fax: (229) 21300814; email: naturacosm@yahoo.fr.

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OVERVIEW ON ROAD AND RAIL NETWORKS  
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¶2. Benin's road infrastructure is undergoing profound improvement. The road quality currently ranges from poor to quite good. Road and

flyover construction is booming throughout the country and the current administration has within two years invested over 300 billion CFA (0.66 billion USD) in 700 km of road construction. Benin's road infrastructure is one of the best of the West African Economic and Monetary Union, WAEMU. As one of the gateways to the land locked countries of Burkina Faso, Niger and Mali, Benin road attracts more big trucks travelling between these countries and various ports in the sub region. The collapse of a number of bridges on neighboring Togo's highways has paralyzed road transport in that country and has diverted most of the commercial traffic destined to and from the above cited countries through Benin.

¶3. Intercity and sub-regional transport of passengers by bus is thriving in the country. A number of local and foreign bus operators are investing in this sector by increasing the country's bus fleet. This investment notably contributes to the reduction of casualties on long distance trips as compared to the high rate of accidents involving bush taxis. City transportation by bus is nonexistent in the country in general, and in Cotonou in particular. Two stroke motorbike taxis represent over 90 percent of the means of passenger transport in Cotonou and are the main source of environmental pollution and road accidents in the economic capital of the country.

¶4. Organization Commune Benin-Niger is a bilateral railway parastatal between Benin and Niger, commonly known as OCBN, in charge of the transport of goods and passengers. The existing 438 Km rail line links Cotonou to Parakou. Both countries originally planned to construct the railway up to Niamey, the capital of Niger.

From Parakou, goods destined to Niger used to be transshipped on big trucks for their final destination.

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¶5. Mismanagement, lack of spare parts, and the use of outmoded equipment hampered the normal activities of this rail company to the extent that it offers only limited cargo transport between the Port of Cotonou and the dry port situated not far from the Port. However efforts are underway to put the OCBN activities fully back on track.

In addition, the Economic Community of West African States, ECOWAS, plans to finance the interconnection of the sub region's railway networks.

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#### OVERVIEW OF MARITIME TRANSPORT AND PORT OF COTONOU

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¶6. Benin has a 120-kilometer coastline. Internal maritime transport for goods and/or passengers is non-existent. The Port of Cotonou is the only infrastructure that serves as a gateway for the country. The Port of Cotonou also serves as a gateway for the sub-region with many goods, including almost 350,000 used cars per year, arriving destined for Nigeria, Burkina Faso, Niger and other countries in West Africa. In addition Beninese Cotton is shipped overseas through the Port of Cotonou

¶7. The Port of Cotonou is among the best ports in the region in terms of the speed at which cargo is unloaded, though some delays may be observed. Usually, it takes a maximum of two to three days for a vessel transporting rice, to unload its cargo, depending on the quantity, while it takes one or two days for a Roro vessel. According to Beninese authorities the average maximum processing time to clear a shipment from the port is 48 hours, but in practice clearing customs may take longer. Port authorities' efforts to improve the level of service by opening a "guichet unique", a one-stop office to speed up the clearing of goods have been foiled by resistance from the customs.

¶8. A large-scale port security upgrade, in compliance with the International Port Security Code, ISPS, was completed in August 2007 and approved by the U.S. Coast Guards. In February 2006, the Government of Benin signed a 5-year \$307 million Millennium Challenge Compact (MCC) to increase investment and private sector activity in Benin. The program removes key constraints to growth and supports improvements in physical and institutional infrastructures in four critical sectors: land, financial services, justice, and

markets. 169 million USD of this compact will be spent on the construction of the south quay of the Port of Cotonou.

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OVERVIEW ON ELECTRICITY

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19. Benin depends on electricity imports from Ghana, Cote-d'Ivoire, and Nigeria to cover part of its power needs of 255 Megawatts. As of 2006, energy supply from Ghana was reduced from 50 to 25 megawatts because of increase of electricity consumption in that country, while Cote d'Ivoire cut off its supply of 20 megawatts for the same reason. A new high-tension interconnection to the Nigerian grid was inaugurated in Benin in February 2007 as one of the first major achievements of the West African Power Pool Project to supply 90 Megawatts to Benin and Togo.

110. The Benin electricity parastatal, "Societe Beninoise d'Energie Electrique", SBE, as a retailer, has the monopoly of electricity distribution in the country. It buys electricity from "la Communaute Electrique du Benin, CEB", a bilateral power parastatal joint venture between Togo and Benin. CEB also runs the Nangbeto hydroelectric dam located in Togo, belonging to both Benin and Togo and whose current output estimate is 66 megawatts.

111. On August 24, 2007, the Government of Benin (GOB) and the U.S. energy company, Combustion Associates, Inc. (CAI), signed a contract totaling \$67,448,420 for provision of dual (natural gas and diesel) turbines to generate 80 megawatts of power for Benin. The contract represents a major boost to Benin's beleaguered power grid and also a significant success for the Mission's efforts to promote American commerce and exports.

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